

The problems with common pays, common patterns, and common probabilities

As the NIGC has noted on many occasions, most recently in their proposed rule - 25 CFR Parts 502 and 546, Classification Standards; Class II Gaming; Bingo, Lotto, et al.; that "In the Commission's view, bingo, lotto and "other games similar to bingo" are games where broad participation is favored..." However, in the current version of the draft regulations promulgated by the NIGC, two sections stand out as problematic in their requirement for common pays, common patterns, and common probabilities:

Section 546.6(b) – In order for players to participate in a common game, and to meet the requirements for the minimum number of players, each player must be eligible to compete for all winning patterns in the game. A game may offer players the opportunity to play at different entry wagers, and the prizes in the game may be increased, or a progressive prize offered, based on a higher entry wager, so long as all prizes are based on achieving pre-designated winning patterns common to all players.

Section 546.6(l) – Each game must provide an equal chance of obtaining any winning pattern for each card played by an active player in the game. The probability of achieving any particular pre-designated winning pattern for a participating player in the game may not vary based on the amount wagered by that player.

While on the surface these requirements do not sound onerous, they serve to limit rather than broaden participation, critically impact game play, and decrease flexibility for the tribal operator. Below are several areas of concern.

Flexible Payback Percentages

Key to the success of all casino operations is the ability to leverage machines for maximum benefit based on location, popularity, and the amount wagered. By requiring only those games using the same common pays, patterns, and probabilities to play together, machines on the floor using different payback percentages will not be available for common play. This will reduce the potential field of players eligible to be in a common game.

For example, if a casino has 180 Class II machines, and the operator runs three different percentages (which is typical on many existing Class II operations) distributed evenly in groups over the floor, then the operator will in effect create three different 60 machine sub-groups on his floor. Therefore, players playing at the lowest percentage will not be able to play against players in the higher two percentages, which will, in effect, serve to reduce participation, not increase it. Also, since the machines are in smaller sub-groups, a player will have more difficulty in finding players to play against, and thus fewer games will be played.

Flexible Theme Selection

In addition to the importance of flexible payback percentages, flexibility in selecting game themes is critical to the success of all casino operations. Some players prefer smaller but more frequent payouts, while others prefer larger but less frequent payouts, and finally some players are in between these two groups. The same player may choose games out of each group based on their preference that day, the amount of time that they wish to play, as well as other factors. As such, operators need to give their players choices to ensure that each player is able to find a machine that they are comfortable with. In just the same way as common pays, patterns, and

probabilities segment the floor with multiple payback percentages, they segment the floor with multiple hit frequencies.

As in the previous example, if a casino has 180 Class II machines, and the operator runs three different volatilities (which is typical on many existing Class II operations) distributed evenly in groups over the floor, then the operator will in effect create three different 60 machine sub-groups on the floor. Therefore, players playing at the lowest volatility payable will not be able to play against players utilizing the higher volatility paytables. Again this serves to reduce participation, not increase it. Also, since the machines are in sixty machine sub-groups, players will have more difficulty in finding players to play against, and thus fewer games will be played.

Compounding the problem

The need for both flexible theme selection and flexible payback percentages is essential. Unfortunately, when these two issues are looked at together in relation to the proposed standards, the problem compounds. Today, operators have a genuine need to mix differing volatilities with differing payback percentages. This will serve to break the shrinking machine groups into even smaller segments.

Again, using the previous example, if a casino has 180 Class II machines, and the operator runs three different volatilities (which is typical on many existing Class II operations), and three different percentages distributed evenly in groups over the floor, then the operator will in effect create nine different 20 machine sub-groups on the floor. Therefore, players playing the lowest volatility and percentage payable will not be able to play against players with other paytables. Now participation is limited to only 20 player groups on the floor. The player's ability to consistently play in a game will be greatly impeded. Revenue will surely drop as players will not be able to play games and game play may be slowed. Potentially, due to growing dissatisfaction with the products, they will stop playing altogether.

Of course, some would suggest that this problem could be overcome by offering only one percentage to the player, and offering only one type of theme to the player. This notion is not a good one, as the lack of variety and pricing flexibility will reduce revenue as well.

Conclusion

It has been stated many times by NIGC that one of the criterion for technologic aids to the play of Class II bingo is that the aid broaden participation. These proposed rules do just the opposite, as they serve to reduce the amount of players who can participate in a common game. Further, these sections strip tribal bingo operators of the flexibility currently exercised by competing commercial bingo operators. These rules as written have the potential to destroy the viability of Class II machines in the market place.